

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Summerfield Township	County Clare
Audit Date 3/31/04	Opinion Date 5/12/04	Date Accountant Report Submitted to State: June 18, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature 		Date 6/18/04	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

MARCH 31, 2004

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGES</u>
Independent Auditors' Report		1-2
 <u>GENERAL-PURPOSE FINANCIAL STATEMENTS</u>		
Combined Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types and Account Group	A	3
Combined Statement of Cash Receipts, Disbursements and Changes in Balance - All Governmental Fund Types	B	4-5
Combined Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual - General and Special Revenue Fund Types	C	6-7
Notes to Financial Statements		8-14
 <u>FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS</u>		
	<u>STATEMENT</u>	
 <u>General Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	1	15
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual	2	16-17
Analysis of Cash Receipts	3	18
Analysis of Cash Disbursements	4	19-21
 <u>Special Revenue Funds</u>		
Combining Statement of Assets and Liabilities Arising from Cash Transactions	5	22
Combining Statement of Cash Receipts, Disbursements and Changes in Balances	6	23
 <u>Road Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	7	24
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual	8	25

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

MARCH 31, 2004

TABLE OF CONTENTS

	<u>STATEMENT</u>	<u>PAGES</u>
<u>Park Commission Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	9	26
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual	10	27
<u>Garbage and Rubbish Collection Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transaction	11	28
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual	12	29
<u>Agency Fund</u>		
<u>Current Tax Collection Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	13	30
Statement of Cash Receipts, Disbursements and Changes in Balance	14	31-32
<u>General Fixed Assets Group of Accounts</u>		
Statement of Changes in General Fixed Assets	15	33
<u>OTHER INFORMATION</u>		
Statement of 2003 Tax Roll	16	34
Letter of Comments and Recommendations		35-36
Letter of Reportable Conditions		37-38

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 12, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Summerfield Township
Clare County
Harrison, Michigan

We have audited the accompanying general-purpose financial statements of Summerfield Township, Clare County, Harrison, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Summerfield Township, Clare County, Harrison, Michigan as of March 31, 2004, and the cash receipts received and cash disbursements paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 36,292	\$ 47,754
Certificates of Deposit	109,360	292,361
Taxes Receivable	2,159	9,138
Land and Buildings	0	0
Machinery and Equipment	0	0
Furniture and Fixtures	0	0
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 147,811</u>	<u>\$ 349,253</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Payroll Withholdings	\$ 244	\$ 0
Deferred Revenue	2,159	9,138
	<hr/>	<hr/>
Total Liabilities	<u>\$ 2,403</u>	<u>\$ 9,138</u>
<u>EQUITY</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Reserved for:		
Road Maintenance	0	317,556
Park Commission	0	407
Garbage and Rubbish Collection	0	22,152
Unreserved	145,408	0
	<hr/>	<hr/>
Total Equity	<u>\$ 145,408</u>	<u>\$ 340,115</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	<u>\$ 147,811</u>	<u>\$ 349,253</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
\$ 510	\$ 0	\$ 84,556
0	0	401,721
0	0	11,297
0	155,365	155,365
0	12,333	12,333
0	11,093	11,093
<u>\$ 510</u>	<u>\$ 178,791</u>	<u>\$ 676,365</u>
\$ 0	\$ 0	\$ 244
0	0	11,297
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,541</u>
\$ 0	\$ 178,791	\$ 178,791
0	0	317,556
0	0	407
0	0	22,152
510	0	145,918
<u>\$ 510</u>	<u>\$ 178,791</u>	<u>\$ 664,824</u>
<u>\$ 510</u>	<u>\$ 178,791</u>	<u>\$ 676,365</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 31,517	\$ 44,995	\$ 76,512
Licenses and Permits	885	0	885
Federal Grants	8,765	1,543	10,308
State Grants	33,882	0	33,882
Charges for Services	0	342	342
Interest and Rents	3,292	3,403	6,695
Other Receipts	101	0	101
	<hr/>	<hr/>	<hr/>
Total Receipts	\$ 78,442	\$ 50,283	\$ 128,725
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,702	\$ 0	\$ 6,702
General Government			
Supervisor	5,536	0	5,536
Clerk	6,544	0	6,544
Board of Review	1,482	0	1,482
Treasurer	6,665	0	6,665
Assessor	7,077	0	7,077
Elections	77	0	77
Building and Grounds	7,068	0	7,068
Cemetery	1,774	0	1,774
Public Safety			
Fire Protection	7,756	0	7,756
Planning and Zoning	1,170	0	1,170

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
Public Works			
Highways Streets and Bridges	0	6,973	6,973
Sanitation	0	23,302	23,302
Recreation and Cultural			
Parks	11,566	80	11,646
Library	1,812	0	1,812
Other Functions	7,777	0	7,777
Total Disbursements	\$ 73,006	\$ 30,355	\$ 103,361
Excess of Receipts Over (Under) Disbursements	\$ 5,436	\$ 19,928	\$ 25,364
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 15,550	\$ 15,550
Operating Transfers Out	(15,550)	0	(15,550)
Total	\$ (15,550)	\$ 15,550	\$ 0
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ (10,114)	\$ 35,478	\$ 25,364
<u>BALANCE</u> - April 1, 2003	155,522	304,637	460,159
<u>BALANCE</u> - March 31, 2004	\$ 145,408	\$ 340,115	\$ 485,523

The accompanying notes are an integral part of these financial statements.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,000	\$ 31,517	\$ (6,483)
Licenses and Permits	0	885	885
Federal Grants	3,000	8,765	5,765
State Grants	35,500	33,882	(1,618)
Charges for Services	0	0	0
Interest and Rents	5,200	3,292	(1,908)
Other Receipts	1,500	101	(1,399)
Total Receipts	\$ 83,200	\$ 78,442	\$ (4,758)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 11,575	\$ 6,702	\$ 4,873
General Government			
Supervisor	5,700	5,536	164
Clerk	6,200	6,544	(344)
Board of Review	1,250	1,482	(232)
Treasurer	6,200	6,665	(465)
Assessor	6,500	7,077	(577)
Election	500	77	423
Building and Grounds	10,000	7,068	2,932
Cemetery	2,000	1,774	226

EXHIBIT CSPECIAL REVENUE FUND TYPES

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 53,129	\$ 44,995	\$ (8,134)
0	0	0
3,000	1,543	(1,457)
0	0	0
0	342	342
0	3,403	3,403
0	0	0
\$ 56,129	\$ 50,283	\$ (5,846)

\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Public Safety			
Fire Protection	8,000	7,756	244
Planning and Zoning	2,500	1,170	1,330
Public Works			
Highways, Streets and Bridges	0	0	0
Sanitation	0	0	0
Recreation and Cultural			
Parks	10,000	11,566	(1,566)
Library	1,812	1,812	0
Other Functions	8,675	7,777	898
Contingency	2,288	0	2,288
Total Disbursements	\$ 83,200	\$ 73,006	\$ 10,194
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 5,436	\$ 5,436
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	(15,550)	(15,550)
Total	\$ 0	\$ (15,550)	\$ (15,550)
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$ 0	\$ (10,114)	\$ (10,114)
<u>BALANCE - April 1, 2003</u>		155,522	
<u>BALANCE - March 31, 2004</u>		\$ 145,408	

The accompanying notes are an integral part of these financial statements.

EXHIBIT CSPECIAL REVENUE FUND TYPES

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
0	0	0
0	0	0
31,979	6,973	25,006
24,150	23,302	848
0	80	(80)
0	0	0
0	0	0
0	0	0
<u>\$ 56,129</u>	<u>\$ 30,355</u>	<u>\$ 25,774</u>
<u>\$ 0</u>	<u>\$ 19,928</u>	<u>\$ 19,928</u>
<u>\$ 0</u>	<u>\$ 15,550</u>	<u>\$ 15,550</u>
0	0	0
<u>\$ 0</u>	<u>\$ 15,550</u>	<u>\$ 15,550</u>
<u><u>\$ 0</u></u>	<u>\$ 35,478</u>	<u><u>\$ 35,478</u></u>
	<u>304,637</u>	
	<u><u>\$ 340,115</u></u>	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Summerfield Township is a general law township located in Clare County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities or twelve months or less from date of acquisition.

The Township Board adopted an investment policy which authorizes the Township Treasurer to invest Township funds in investments authorized by the State of Michigan.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

6. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 29, 2003, or as amended by the Township board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Excess of Expenditures Over Appropriations

For the year ended March 31, 2004, expenditures exceeded appropriations in the following funds:

	EXPENDITURES	APPROPRIATIONS	EXCESS
Park Commission	\$ 80	\$ 0	\$ 80

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$486,277 and the bank balance was \$493,218. Of the bank balance, \$191,497 was covered by federal depository insurance. The remaining \$301,721 are in accounts which exceed the federal depository insurance unit of \$100,000 and also are uncollateralized.

The Township's carrying amount of deposits at year-end are shown below:

	GENERAL FUND	ROAD FUND	PARK COMMISSION FUND	GARBAGE AND RUBBISH COLLECTION FUND	CURRENT TAX COLLECTION FUND
Chemical Bank Clare Clare, Michigan Money Market Accounts Certificates of Deposit	\$ 36,292	\$ 25,195	\$ 407	\$ 22,152	\$ 510
	109,360	292,361	0	0	0
TOTAL	\$ 145,652	\$ 317,556	\$ 407	\$ 22,152	\$ 510

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Buildings	\$ 143,799	\$ 11,566	\$ 0	\$ 155,365
Machinery and Equipment	11,697	636	0	12,333
Furniture and Fixtures	11,093	0	0	11,093
	<u>\$ 166,589</u>	<u>\$ 12,202</u>	<u>\$ 0</u>	<u>\$ 178,791</u>

C. Fire Protection Contract

An agreement was entered into between the City of Harrison and the Township for fire protection. The Township paid \$7,756 to the City for fire protection for the period January 1, 2003 to December 31, 2003.

D. Road Improvement Fund

Electors approved a two mill levy for road improvements within the township. The transactions accounting for this levy are reflected in a separate fund labeled "Road Fund."

E. Garbage and Rubbish Collection Fund

On July 29, 1989, the Township Board approved the placing of a special assessment on future tax rolls to finance the cost of operating a transfer station for the collection of trash and garbage. The transactions accounting for the income and expenses related to the transfer station are reflected in a separate fund established by the Township labeled "Garbage and Rubbish Collection Fund."

F. Current Tax Collection Fund Balance

The balance of \$510 remaining in the current tax collection fund at March 31, 2004, consists of \$10 of interest earnings plus a \$500 advance from the general fund to maintain a minimum balance.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

IV. OTHER INFORMATION

A. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc., which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan is commenced.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. Plan year is September 20th to September 19th of the following year. The Township has elected to contribute 6% of compensation to the plan annually with each employee matching that 6%. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

Township contributions to the plan for 2003-04 plan year amounted to \$1,668. In addition, the Township paid an administrative fee of \$185.

Total wages for those covered under the plan was \$21,412 and total wages for all employees including non-covered payroll was \$23,561.

B. Property Taxes

The Township levied .8910 mills for general operating purposes on a taxable value of \$15,519,392. In addition, the Township levied 1.9224 mills for road improvement. The Township also levied a special assessment for Garbage and Rubbish Collection.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the County tax rolls. Property taxes levied December 1, which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,727	\$ 0
Road Improvement Fund	3,403	0
TOTAL	\$ 5,130	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

D. Property Tax Administration Fee

The Township passed a resolution to charge a 1% administration fee on all advalorem, taxes levied. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

E. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, an destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including worker's compensation insurance and fidelity bonds.

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 36,292
Certificates of Deposit	109,360
Taxes Receivable	<u>2,159</u>
TOTAL ASSETS	\$ <u><u>147,811</u></u>

LIABILITIES AND BALANCE

LIABILITIES

Payroll Withholdings Payable	\$ 244
Deferred Revenue	<u>2,159</u>
Total Liabilities	\$ 2,403

BALANCE

Unreserved	<u>145,408</u>
TOTAL LIABILITIES AND BALANCE	\$ <u><u>147,811</u></u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,000	\$ 31,517	\$ (6,483)
Licenses and Permits	0	885	885
Federal Grants	3,000	8,765	5,765
State Grants	35,500	33,882	(1,618)
Interest and Rents	5,200	3,292	(1,908)
Other Receipts	1,500	101	(1,399)
Total Receipts	\$ 83,200	\$ 78,442	\$ (4,758)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 11,575	\$ 6,702	\$ 4,873
General Government			
Supervisor	5,700	5,536	164
Clerk	6,200	6,544	(344)
Board of Review	1,250	1,482	(232)
Treasurer	6,200	6,665	(465)
Assessor	6,500	7,077	(577)
Election	500	77	423
Building and Grounds	10,000	7,068	2,932
Cemetery	2,000	1,774	226

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Public Safety	10,500	8,926	1,574
Recreation and Cultural	11,812	13,378	(1,566)
Other Functions	8,675	7,777	898
Contingency	2,288	0	2,288
Total Disbursements	\$ 83,200	\$ 73,006	\$ 10,194
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 5,436	\$ 5,436
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out			
Road Fund	\$ 0	\$ (15,550)	\$ (15,550)
Excess of Receipts Over (Under) Disbursements and Other Uses	\$ 0	\$ (10,114)	\$ (10,114)
<u>BALANCE</u> - April 1, 2003		155,522	
<u>BALANCE</u> - March 31, 2004		\$ 145,408	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	11,665	
Delinquent Property Tax		11	
Property Tax Administrative Fee		3,900	
Interest and Penalties on Taxes		391	
Payments in Lieu of Taxes			
Swamp Tax		15,550	
Total Taxes			\$ 31,517

LICENSES AND PERMITS

Zoning Permits			885
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FEDERAL GRANTS

U.S. Fish and Wildlife			
Revenue Sharing	\$	2,465	
Wildlife Habitat Incentives Program (WHIP)		6,300	
Total Federal Grants			8,765

STATE GRANTS

State Revenue Sharing			
Sales and Use Tax			33,882

INTEREST AND RENTS

Interest Earnings	\$	1,727	
Hall Rental		1,565	
Total Interest and Rents			3,292

OTHER RECEIPTS

Miscellaneous			101
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TOTAL RECEIPTS	\$	<u>78,442</u>	
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SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 1,891

Supplies

Office Supplies

623

Other Services and Charges

Dues and Fees

303

Contracted Services

2,716

Travel

312

Printing and Publishing

167

Education and Training

660

Miscellaneous

30

Total Legislative

\$ 6,702

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 5,193

Other Services and Charges

Travel

343

\$ 5,536

Clerk

Personal Services

Salaries and Wages

\$ 5,610

Supplies

Office Supplies

139

Other Services and Charges

Travel

795

6,544

Board of Review

Personal Services

Salaries and Wages

\$ 1,237

Other Services and Charges

Travel

30

Education and Training

215

1,482

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer			
Personal Services			
Salaries and Wages	\$	5,223	
Supplies			
Office Supplies		707	
Other Services and Charges			
Travel		735	6,665
Assessor			
Supplies			
Office Supplies	\$	1,677	
Other Services and Charges			
Contracted Services		5,400	7,077
Elections			
Personal Services			
Salaries and Wages			77
Building and Grounds			
Supplies			
Maintenance Supplies	\$	886	
Other Services and Charges			
Contracted Services		2,093	
Communications		990	
Public Utilities		2,463	
Capital Outlay			
Equipment		636	7,068
Cemetery			
Other Services and Charges			
Contracted Services	\$	1,662	
Public Utilities		84	
Repair and Maintenance		28	1,774
Total General Government			36,223

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Protection			
Other Services and Charges			
Aid to Other Governments		\$	7,756
Planning and Zoning			
Personal Services			
Salaries and Wages	\$	1,079	
Supplies			
Office Supplies		91	1,170
Total Public Safety			8,926

RECREATION AND CULTURAL

Parks			
Capital Outlay			
Land Improvements		\$	11,566
Library			
Other Services and Charges			
Aid to Other Governments			1,812
Total Recreation and Cultural			13,378

OTHER FUNCTIONS

Insurance and Bonds		\$	4,737
Employee Benefits			
Pension Contribution	\$	1,853	
Medicare and Social Security		437	
Worker's Compensation		750	
Total Employee Benefits			3,040
Total Other Functions			7,777
Total Cash Disbursements			\$ 73,006

OTHER FINANCING USES

Operating Transfers Out			
Road Fund			15,550
TOTAL CASH DISBURSEMENTS AND OTHER FINANCING USES			\$ 88,556

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	ROAD	PARK COMMISSION	GARBAGE AND RUBBISH COLLECTION	TOTAL
<u>ASSETS</u>				
Cash				
Money Market Accounts	\$ 25,195	\$ 407	\$ 22,152	\$ 47,754
Certificates of Deposit	292,361	0	0	292,361
Taxes Receivable	4,658	0	4,480	9,138
TOTAL ASSETS	\$ 322,214	\$ 407	\$ 26,632	\$ 349,253
<u>LIABILITIES AND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 4,658	\$ 0	\$ 4,480	\$ 9,138
<u>BALANCE</u>				
Reserved for:				
Road Maintenance	\$ 317,556	\$ 0	\$ 0	\$ 317,556
Park Commission	0	407	0	407
Garbage and Rubbish Collection	0	0	22,152	22,152
Total Balance	\$ 317,556	\$ 407	\$ 22,152	\$ 340,115
TOTAL LIABILITIES AND BALANCE	\$ 322,214	\$ 407	\$ 26,632	\$ 349,253

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
FOR THE YEAR ENDED MARCH 31, 2004

	ROAD	PARK COMMISSION	GARBAGE AND RUBBISH COLLECTION	TOTAL
<u>RECEIPTS</u>				
Taxes	\$ 25,235	\$ 0	\$ 19,760	\$ 44,995
Federal Grant	1,543	0	0	1,543
Charges for Services	0	0	342	342
Interest and Rents	3,403	0	0	3,403
Total Receipts	\$ 30,181	\$ 0	\$ 20,102	\$ 50,283
<u>DISBURSEMENTS</u>				
Public Works				
Highways, Streets and Bridges	\$ 6,973	\$ 0	\$ 0	\$ 6,973
Sanitation	0	0	23,302	23,302
Recreation and Culture				
Park Commission	0	80	0	80
Total Disbursements	\$ 6,973	\$ 80	\$ 23,302	\$ 30,355
Excess of Receipts Over (Under) Disbursements	\$ 23,208	\$ (80)	\$ (3,200)	\$ 19,928
<u>OTHER FINANCING SOURCES</u>				
Operating Transfers In	15,550	0	0	15,550
Excess of Receipts and Other Sources Over (Under) Disbursements	\$ 38,758	\$ (80)	\$ (3,200)	\$ 35,478
<u>BALANCE - April 1, 2003</u>	278,798	487	25,352	304,637
<u>BALANCE - March 31, 2004</u>	\$ 317,556	\$ 407	\$ 22,152	\$ 340,115

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 25,195
Certificates of Deposit	292,361
Taxes Receivable	<u>4,658</u>
TOTAL ASSETS	\$ <u>322,214</u>

LIABILITY AND BALANCE

LIABILITY

Deferred Revenue	\$ 4,658
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BALANCE

Reserved for Road Maintenance	<u>317,556</u>
TOTAL LIABILITIES AND BALANCE	\$ <u>322,214</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

ROAD FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Tax	\$ 28,979	\$ 25,173	\$ (3,806)
Delinquent Tax	0	62	62
Federal Grants			
Bankhead Jones	3,000	1,543	(1,457)
Interest and Rents			
Interest Earnings	0	3,403	3,403
Total Receipts	\$ 31,979	\$ 30,181	\$ (1,798)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance	\$ 31,979	\$ 6,973	\$ 25,006
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 23,208	\$ 23,208
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In General Fund	0	15,550	15,550
Excess of Receipts and Other Sources Over (Under) Disbursements	\$ 0	\$ 38,758	\$ 38,758
<u>BALANCE - April 1, 2003</u>		278,798	
<u>BALANCE - March 31, 2004</u>		\$ 317,556	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

PARK COMMISSION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	<u>ASSETS</u>	
Cash		
Money Market Account		\$ <u>407</u>
	<u>BALANCE</u>	
<u>BALANCE</u>		
Reserved for Park Commission		\$ <u>407</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

PARK COMMISSION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>	\$ 0	\$ 0	\$ 0
<u>DISBURSEMENTS</u>			
Recreation and Culture			
Park Commission			
Other Services and Charges			
Contracted Services	\$ 0	\$ 80	\$ (80)
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ (80)	\$ (80)
<u>BALANCE</u> - April 1, 2003		487	
<u>BALANCE</u> - March 31, 2004		\$ 407	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 22,152
Taxes Receivable	4,480
	<hr/>
TOTAL ASSETS	\$ 26,632

LIABILITIES AND BALANCE

<u>LIABILITIES</u>	
Deferred Revenue	\$ 4,480
<u>BALANCE</u>	
Reserved for Garbage and Rubbish Collection	22,152
	<hr/>
TOTAL LIABILITIES AND BALANCE	\$ 26,632

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 24,150	\$ 19,760	\$ (4,390)
Charges for Services			
Dump Permit Fees	0	342	342
Total Receipts	\$ 24,150	\$ 20,102	\$ (4,048)
<u>DISBURSEMENTS</u>			
Public Works			
Sanitation			
Personal Services			
Salaries and Wages		\$ 4,504	
Supplies			
Operating Supplies		86	
Other Services and Charges			
Utilities		326	
Contracted Services			
Waste Management		16,186	
Snow Removal		325	
Contract Labor		1,875	
Total Disbursements	24,150	\$ 23,302	848
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ (3,200)	\$ (3,200)
<u>BALANCE</u> - April 1, 2003		25,352	
<u>BALANCE</u> - March 31, 2004		\$ 22,152	

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ <u>510</u>

EQUITY

<u>BALANCE</u>	
Unreserved	\$ <u>510</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 390,368	
Delinquent Tax	930	
Property Tax Administration Fee	3,900	
Interest Earnings	23	
Overcollections from Taxpayers	109	
Late Payment Penalty	391	
	<hr/>	
Total Receipts		\$ 395,721

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 79,241	
Intermediate School	27,915	
Community College	16,749	
Delinquent Tax	354	
	<hr/>	
		\$ 124,259
Payments to Township Treasurer		
Current Tax		
Operating	\$ 11,665	
Roads	25,173	
Garbage and Rubbish Collection	19,760	
Delinquent Tax	77	
Property Tax Administration Fee	3,900	
Late Payment Penalty	391	
Interest	19	
	<hr/>	
		60,985

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

Payments to School Treasurer			
Current Tax	\$	209,865	
Delinquent Tax		<u>499</u>	\$ 210,364
Refunds to Taxpayers for Overcollections			<u>109</u>
Total Disbursements			<u>395,717</u>
Excess of Receipts Over (Under) Disbursements			\$ 4
<u>BALANCE</u> - April 1, 2003			<u>506</u>
<u>BALANCE</u> - March 31, 2004			<u>\$ 510</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 143,799	\$ 11,566	\$ 0	\$ 155,365
Machinery and Equipment	11,697	636	0	12,333
Furniture and Fixtures	11,093	0	0	11,093
	<u>\$ 166,589</u>	<u>\$ 12,202</u>	<u>\$ 0</u>	<u>\$ 178,791</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 166,589</u>	<u>\$ 12,202</u>	<u>\$ 0</u>	<u>\$ 178,791</u>

SUMMERFIELD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	93,904	
Township			
Operating		13,824	
Roads		29,831	
Garbage and Rubbish Collection		24,240	
School			
Harrison Community School		242,150	
Intermediate School			
Clare-Gladwin		33,080	
Community College		<u>19,848</u>	\$ 456,877

TAXES COLLECTED

County	\$	79,241	
Township			
Operating		11,665	
Roads		25,173	
Garbage and Rubbish Collection		19,760	
School			
Harrison Community School		209,865	
Intermediate School			
Clare-Gladwin		27,915	
Community College		<u>16,749</u>	<u>390,368</u>

TAXES RETURNED DELINQUENT

County	\$	14,663	
Township			
Operating		2,159	
Roads		4,658	
Garbage and Rubbish Collection		4,480	
School			
Harrison Community School		32,285	
Intermediate School			
Clare-Gladwin		5,165	
Community College		<u>3,099</u>	\$ <u><u>66,509</u></u>

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 12, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Summerfield Township
Clare County
Harrison, Michigan

As a result of our audit of the general-purpose financial statements of Summerfield Township for the year ended March 31, 2004, we would like to note the following:

Budgeting

P.A. 621 of 1978 states that the Township must adopt a budget which includes the amount of fund balance accumulated through the end of the current year, and the amount expected at the end of the upcoming year, after applying the budgeted receipts and disbursements.

Also, the Township should monitor actual receipts and disbursements during the year and amend the budget when necessary. At year end, the Township had several activities in the General Fund which exceeded the budget.

Property Tax Administration Fee

As reported in Note IV.D of the Notes to Financial Statements, the township is charging a 1% property tax administration fee. The township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

GASB 34

The Governmental Accounting Standards Board (GASB) has issued statement number 34 which will become effective for the Township for the year ending March 31, 2005. We are available to assist the Township in determining the effect this new pronouncement will have on the Township as well as what the Michigan Department of Treasury will require of the Township related to GASB 34.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
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JONATHAN E. DAMHOFF, C.P.A.
MICHAEL D. COOL, C.P.A.

May 12, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Summerfield Township
Clare County
Harrison, Michigan

In planning and performing our audit of the general-purpose financial statements of Summerfield Township, Clare County, Harrison, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.